



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. # Ranking Democratic Member

214 O'Neill HOB # Washington, DC 20515 # 202-226-7200 # www.house.gov/budget_democrats

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“Compassionate” Cuts of the Bush Budget

The following House Budget Committee Democratic staff analysis pinpoints and explains some of the most egregious program cuts proposed in President Bush’s new budget. The analysis is organized to show first those cuts that threaten the low-income safety net; then health; then the environment; and finally safety. In the full Summary and Analysis of the budget, available on the Budget Committee Democratic website, we show in further detail how these and other provisions of the President’s budget, made necessary by his excessive tax cut, would harm typical American families.

Cutting the Safety Net for Low-Income American Families

- ***Unemployment Administration and Benefit Coverage*** — The Administration’s budget assumes increases in both the general unemployment rate and the unemployment rate of workers eligible for unemployment insurance (UI) from 2001 to 2002. Despite these projections, the budget cuts funding for state administration of unemployment benefits for 2002 by \$64 million compared with 2001 inflation-adjusted levels. The budget does not include proposals or funding to address a recent GAO finding that “...because the UI program appears to provide only limited protection for low-wage workers, the role of UI as a safety net for all workers warrants attention, particularly in light of the sweeping changes to the national welfare policy.”
- ***Workforce Training and Employment Programs*** — The budget provides \$5.1 billion for appropriated programs for training and employment services in the Department of Labor. This amount reflects a \$541 million (9.5 percent) cut below a freeze at the 2001 level for these programs. Funding is cut below a freeze at the 2001 level for dislocated workers programs, incumbent workers programs, adult training, youth activities, and career centers.
- ***Social Services Block Grant (Title XX)*** — The budget provides \$1.7 billion for the Social Services Block Grant (SSBG) for 2002, a cut of \$25 million below a freeze at the 2001

level. The National Governors' Association has requested funding of \$2.38 billion for 2002, as originally allowed by the 1996 welfare reform legislation. The Strengthening Working Families Act recently introduced by a bipartisan group of Senators would set SSBG funding for 2002 at this \$2.38 billion level. SSBG provides states with flexible funds that can be used to meet their most pressing social services needs. These funds are used for services including child day care, services for the disabled, services for the elderly, employment, housing, and transportation.

- **Section 8 Housing Assistance Vouchers** — The budget for 2002 provides \$197 million to support 33,700 new Section 8 vouchers, less than half the number provided for 2001. The budget provides \$203 million for tenant protection assistance, \$62 million below the amount provided for 2001. This 2002 amount does not include tenant protection vouchers for disabled persons displaced from public housing designated for the elderly. Congress provided \$40 million to support 8,000 of those vouchers for 2001. Instead, the Administration will encourage local housing providers to assist such families from within their current programs.
- **Public Housing Capital Fund** — The budget reduces funding for critical building repairs in public housing by \$700 million (23 percent) below a freeze. The administration justifies this cut by saying that local housing authorities can tap into currently unspent funds to address capital repair needs. The unspent funds referenced by the Administration, which are actually funds committed to ongoing or planned repair work, fall far short of what is needed to make needed repairs. HUD found \$22.5 billion in unmet capital repair needs in public housing in 1998, and determined that an additional \$2 billion in repair needs accrue each year.

Maximizing the effectiveness of the Capital Fund is important. However, the budget cuts funding for all local providers, regardless of their performance, and does not restore cuts once improvements are made. These cuts, in combination with the elimination of the Drug Elimination program (see below), undermine bipartisan Congressional efforts to ensure the vitality of public housing communities and the safety of the 1.3 million families who live there, over 40 percent of whom are seniors or disabled.

- **Public Housing Drug Elimination Program** — The Administration does away with the Public Housing Drug Elimination Grant program, which funds anti-crime and anti-drug, law enforcement, and security activities in public housing communities. Congress provided \$309 million for this program for 2001. The Administration justifies this cut by saying that local housing authorities can make up for this loss by tapping into the Public Housing Capital and Operating Funds or other federal anti-drug programs, or by evicting tenants. This is not a realistic option because the budget simultaneously reduces the public housing Capital Fund by 23 percent and overcommits a small increase in Operating Funds.
- ! **Revitalization of Severely Distressed Public Housing (HOPE VI)** — Although the budget cites HOPE VI as a tool for reducing unmet repair needs in public housing, it freezes funding at the 2001 level of \$574 million. This program awards grants to local housing authorities to address the problems of poor-quality public housing developments.

- ***Rural Housing and Economic Development*** — This program is unique in encouraging new and innovative approaches to serve the housing and economic development needs of rural populations through grants to local non-profits and community development organizations. The budget eliminates this program, which Congress funded at \$25 million for 2001, citing duplication with the Community Development Block Grant and other rural housing and development assistance programs. However, the budget reduces funding for several of these programs as well.

- ! ***HOME Investment Partnership Program (HOME)*** — The budget freezes the HOME program at the 2001 appropriated level of \$1.8 billion, reducing purchasing power for 2002 by \$40 million. State and local governments use this flexible program to create a range of low-income housing opportunities, including rent supplements, construction and rehabilitation of multifamily rental housing, improvements to substandard housing for current owners, and assistance to new home buyers. The budget further erodes HOME program funds by carving out \$200 million for the Administration's Downpayment Assistance Program.

- ! ***Housing for Special Populations: Housing for the Elderly and Disabled*** — The budget provides \$1.0 billion for supportive housing for the low-income elderly and disabled for 2002, a \$17 million cut compared with CBO's estimate of the amount necessary to maintain purchasing power for 2002.

- ! ***Special Supplemental Nutrition Program for Women, Infants and Children (WIC)*** — Despite its projection that unemployment rates will rise from 4.3 percent in 2001 to 4.6 percent in 2002, the Administration's budget freezes the number of low-income women, infants and children served by WIC at the 2001 level. The budget provides a total of \$4.3 billion in WIC funding to serve 7.245 million participants per month in 2002, the same number originally projected to be served in 2001. The last time the unemployment rate averaged 4.6 percent (fiscal year 1998), WIC participation averaged 7.37 million. Moreover, the budget levels include \$136 million of anticipated carryover from 2001. If 2001 participation rates exceed original projections, carryover funds may decline, further squeezing the WIC program budget for 2002. WIC participation in January, 2001 exceeded the original 2001 projection by 14,000 participants.

- ! ***Child Care*** — The budget raises total funding for the Child Care and Development Block Grant (CCDBG) for 2002 by \$200 million over the 2001 freeze level. However, the budget carves out \$400 million of the new total (\$2.2 billion) for a new after-school care voucher initiative, reducing funding for the current child care program by \$200 million compared to a 2001 freeze. The Budget Resolution recently passed by the Senate included an additional \$870 million for CCDBG for 2002.

- ! ***Temporary Assistance for Needy Families (TANF)*** — TANF is the nation's primary welfare program, providing cash assistance, case management, welfare-to-work and other critical assistance to needy families with children in their efforts to find work or remain

employed. TANF funds have become a particularly important source of child care funding for low-income families. In 1999, states devoted \$3 billion of their federal TANF funds to child care. The President's budget will reduce the amount of TANF funding available for child care and other assistance for low-income families in 2002 and beyond.

- < ***Expiring TANF Supplemental Grants*** — The President's budget carefully enumerates spending associated with TANF activities authorized through 2002, but fails to mention that it allows TANF Supplemental Grants to expire after 2001. The Supplemental Grants provide additional funds to 17 states with low per-child grants under the standard TANF grant formula. Congress provided \$319 million for these grants in 2001. A bipartisan group of Senators successfully amended the 2002 Senate Budget Resolution to provide \$319 million for the extension of these grants through the 2002 reauthorization of welfare reform.
- < ***TANF/Charity Tax Credit*** — The budget encourages states to use remaining TANF funds to cover revenue losses incurred from state income tax credits for charitable contributions, without providing funding to replace funds diverted from current activities. The diversion of these funds shifts the timing of their expenditure in the short term, but creates no net change in spending for 2002 or over the ten-year budget window.
- < ***Expiring Contingency Funds*** — Congress created TANF Contingency Funds as a welfare safety net for states experiencing economic hardship. Welfare experts agree, however, that the currently authorized Contingency Funds are an ineffective buffer against economic downturns, and must be both improved and adequately funded. Despite increased evidence of state-level budget shortfalls, the budget contains no proposals or spending to fix and extend TANF Contingency Funds, which expire in 2001.

Cutting Programs for Americans' Health

- ***Freeze Ryan White AIDS Programs*** — For 2002, the budget freezes Ryan White AIDS programs at the 2001 level of \$1.8 billion. With the advent of effective therapies, the number of persons seeking AIDS Drug Assistance Program (ADAP) assistance has more than doubled since 1996. The budget's level funding of Ryan White programs, especially ADAP, comes at a time when many states are implementing program restrictions or eligibility limits because of budget shortfalls.

A recent survey (Kaiser Family Foundation, March 29, 2001) of ADAPs shows that these programs are key in providing HIV-related drugs to under-insured and uninsured persons living with HIV/AIDS. Ryan White programs fill the gaps for many with HIV/AIDS who do not have insurance and cannot qualify for Medicaid.

- ***Cut Centers for Disease Control and Prevention (CDC)*** — For 2002, the budget funds CDC at a program level of \$4.1 billion, a cut of \$109 million (2.6 percent) below the 2001 freeze level. This includes transfers from other accounts and agencies. Areas marked for cuts include chronic disease prevention and health promotion activities (prevention of cardiovascular disease, diabetes, arthritis, and cancer) which are cut 23.3 percent below the 2001 freeze level.
- ***Cut Maternal and Child Health (MCH) Block Grant*** — For 2002, the budget funds the MCH block grant at \$709 million, a cut of \$5 million below the 2001 freeze level. The MCH block grant supports federal and state partnerships to develop service systems to address the critical challenges in maternal and child health.
- ***Freeze Healthy Start*** — The budget freezes Healthy Start at the 2001 level of \$90 million for 2002. The 2001 level was also freeze-level funding so the actual purchasing power of this program is reduced for a second year in a row by this budget. The Healthy Start program supports programs to reduce low birth weight, inadequate prenatal care, and other factors contributing to infant mortality, in targeted high-risk communities.
- ***Eliminate Community Access Program (CAP)*** — The budget eliminates the community access program for 2002, a cut of \$125 million for 2002. CAP funds grants to coordinate health care services to the under-insured and uninsured offered by community providers such as public hospitals, community health centers, and disproportionate share hospitals.
- ***Freeze National Health Service Corps (NHSC)*** — For 2002, the budget essentially freezes the NHSC at the 2001 level. It funds NHSC at \$126 million, \$1 million over the 2001 freeze level. Through its scholarship and loan programs, the NHSC places physicians in medically under-served areas which often have a high proportion of uninsured persons. NHSC physicians are often the mainstay of the health care workforce for institutions, such as community health centers and disproportionate share and public hospitals, that serve the under-insured or uninsured.
- ***Cut Children's Hospital Graduate Medical Education (GME)***— For 2002, the budget cuts pediatric GME by \$35 million (14.9 percent) below the 2001 freeze level. Funding drops from \$235 million for 2001 to \$200 million for 2002. These funds are currently used by children's teaching hospitals to offset the higher costs of providing advanced training to pediatricians.
- ***Cut Health Professions Training Programs*** — For 2002, the budget cuts health professions training by \$213 million (60.3 percent) below the 2001 freeze level.

Cutting Programs Protecting Americans' Environment

- **Water Infrastructure** — For 2002, the President's budget provides \$850 million for the Clean Water State Revolving Fund (SRF) Program, not even two-thirds of last year's enacted level. As a consolation, the budget does contain \$450 million for a new grant program that Congress created last year to address the lingering problem of sewer overflows. For the Drinking Water SRF Program, the budget provides \$823 million, the same funding as last year. Finally, the budget zeroes out \$335 million in water infrastructure aid outside of the aforementioned programs. Overall, the cut to water infrastructure aid totals \$382 million from the 2001 freeze level. This cut comes as the bipartisan coalitions in both the House and Senate prepare to push for increased federal assistance to address the country's unmet clean water and drinking water needs.
- **EPA Science and Technology Programs** — The Administration has said that it wants to make environmental decisions based on sound science, but at the same time it is cutting programs that provide the scientific basis for those decisions. Overall, the budget cuts EPA's science and technology account to \$641 million, a decrease of \$54 million (7.7 percent) from the 2001 freeze level. This cut includes a \$4.5 million cut to safe drinking water research and a \$6.3 million cut to research on key air pollutants.
- **Cuts to Water Programs at U.S. Geological Survey (USGS)** — The President's budget cuts the USGS budget to \$813 million, \$69 million (8.5 percent) below the 2001 freeze level. This overall cut includes \$20 million from the National Water-Quality Assessment Program (NAWQA) and \$10 million from the Toxic Substances Hydrology Program. NAWQA does essential water-quality monitoring and research to assess the state of the nation's waters and the pollution threats to those waters. The Toxic Substances Hydrology Program monitors for toxic substances in ground and surface water.
- **Army Corps of Engineers** — The budget cuts Army Corps of Engineers appropriated funding to \$3.9 billion, \$600 million (14 percent) below a freeze at the 2001 level and \$800 billion (16.9 percent) below CBO's estimate of the level needed to maintain current purchasing power. The budget includes no new construction efforts for 2002 and instead focuses on completing ongoing projects.
- **Agriculture Conservation Programs** — The President's budget eliminates the Agriculture Department's Wetlands Reserve Program, a cut of \$162 million. This voluntary program purchases long-term conservation easements from farmers to protect wetlands, thereby improving water quality and protecting wildlife. The program has been so popular that roughly three-fourths of interested farmers and ranchers have been turned away due to lack of funding.

The President's budget also eliminates other popular and effective conservation programs for agricultural producers: the Wildlife Habitat Incentives Program, the Farmland Protection Program, Soil and Water Conservation Assistance, and the Forestry Incentives Program.

- ***Cleanup of Radioactive Waste at Former Weapons Production Sites*** — The President's budget cuts the efforts to clean up nuclear and other hazardous waste at the former nuclear weapons production sites of the Department of Energy by \$458 million (7.4 percent) compared with the level needed, according to CBO, to maintain purchasing power at the 2001 level. The budget is \$243 billion below the 2001 freeze level.

Cutting Programs to Ensure Americans' Safety

- ! ***Community Oriented Policing Services*** — Since 1994, the Community Oriented Policing Services (COPS) program has placed over 100,000 new police officers on the street while also providing administrative and technological resources for state and local law enforcement entities. The budget provides \$855 million for the COPS program, a \$172 million cut below the 2001 freeze level. The budget cuts COPS grants used for hiring new community police officers to \$320 million, \$271 million below a freeze level.
- ! ***Nuclear Nonproliferation Programs Cut*** — The DOE oversees several important programs to stop the spread of nuclear materials to terrorist groups and nations that are hostile to the U.S. Most of these programs are focused on Russia and other states of the former Soviet Union. The President's budget provides \$774 million for these programs for 2002, which is about \$120 million (13 percent) below the level needed, according to CBO, to maintain purchasing power at the 2001 level. This level is \$100 million (11.5 percent) less than the 2001 appropriated level. The following list includes most of the specific programs and the amounts they are cut compared to the 2001 appropriated level (in millions of dollars):

| <u>Program</u> | <u>Cut</u> |
|---|-------------------|
| <i>Chemical and Biological Weapon Response Research</i> | -12.0 |
| <i>Technologies to Detect Weapons of Mass Destruction</i> | -25.0 |
| <i>Nuclear Explosion Monitoring</i> | -14.3 |
| <i>International Reactor Safety (Russia and Ukraine)</i> | - 5.6 |
| <i>Safe Storage of Plutonium in Spent Nuclear Fuel Rods</i> | -24.0 |
| <i>Nuclear Cities Initiative</i> | -20.0 |
| <i>International Proliferation Program</i> | - 2.0 |
| <i>Fissile Material Protection, Control, and Accounting</i> | -30.9 |

The list exceeds \$100 million because the budget does increase a few selected nonproliferation programs, such as the highly-enriched uranium blend-down project, and the construction of the Nonproliferation and International Security Center at the Los Alamos Laboratory.